



Omgeo TradeSuiteSM ID Net

ALERT
Benchmarks
Central Trade Manager
Connect
OASYS
OASYS Global
OASYS-TradeMatch
TradeHub
TradeSuite

Omgeo and the Depository Trust & Clearing Corporation Settlement Service Offering

Background

Omgeo and the Depository Trust & Clearing Corporation (DTCC) have partnered to reduce settlement risk and increase capacity in institutional settlement processing. This product enhancement streamlines the way eligible affirmed institutional equity trades are cleared and settled at DTCC. ID Net is an optional service available to settling participants that allow DTC eligible affirmed institutional equity trades submitted via Omgeo TradeSuite to be routed into the National Securities Clearing Corporation's (NSCC) Continuous Net Settlement (CNS) system.

By including institutional transactions with a broker/dealer's other inter-dealer activity, efficiencies are maximized and settlement success greatly increases.

ID Net changes how institutional trades are processed and settled at DTCC, and requires modifications to the TradeSuite message specification record layout in order to identify the correct mode of trade settlement (e.g., PDQ, Prime Broker CNS or ID Net).

This service also increases communication between Omgeo and DTCC on settlement eligibility and activity. This translates into optional means of receiving intra-day Change of Eligibility (COE) confirms for Omgeo Direct machine-readable clients (COE confirms are currently only generated once during the night cycle).

Background

The Unlike most prime broker and exchange traded broker-to-broker trades, institutional equity trades do not currently flow into NSCC's CNS system for netting. Instead, the institutional trades settle on a trade-for-trade basis at DTC between clearing broker/dealers and corresponding clearing agents.

Working with the industry, Omgeo and DTCC are leading the drive to reduce risk and costs associated with settlement deliveries.

Benefits

ID Net benefits the industry, as well as parties involved in institutional trade processing. Benefits include:

- Increased settlement efficiencies gained by including the broker side of institutional trades in CNS with other broker-to-broker trade activity
- Increased system capacity through netting efficiencies and minimized deliveries
- Reduced cost by reducing the number of deliveries
- Reduced risk by lowering the probability of fails through leveraging CNS capabilities and the prioritization of settlement of ID Net trades
- Increased affirmation rates through encouraging earlier affirmation and by the reduced cost incentives inherent by settling trades via ID Net
- Increased settlement status through increased communications from DTCC for TradeSuite
- Increased settlement efficiencies gained by including the broker side of institutional trades in CNS with other broker-to-broker trade activity

ID Net Service Subscription Details

ID Net is a service for members of DTCC subsidiaries. Broker/dealers must be both NSCC and DTC members, and institutional custodian agent banks must be DTC members.

TradeSuite is the conduit to ID Net. To participate, both member settlement parties to the trade – DTCC clearing broker/dealers and clearing agent banks – must subscribe to the service at DTCC. At this time, no additional subscription is necessary for TradeSuite investment managers, broker/dealers or custodian banks. Omgeo investment managers and their client customers receive the benefits of ID Net when DTCC members subscribe to the service.

ID Net Processing Eligibility

Eligibility is based on bilateral subscriptions of the clearing/settling parties, underlying security, type



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of trade, and timing of affirmation. Additional eligibility criteria are listed below:

- Clearing broker/dealer and the clearing custodian must both be subscribers to ID Net
- The security must be an equity CUSIP eligible for CNS
- Trade must be affirmed on or before 9:00 PM (EST/EDT) on T+1

Corporate and municipal bonds and UIT issues will be excluded. Other trade-level exclusions include:

- The first day of trading in new issues and any CUSIPs that are IPO tracked
- TradeSuite confirms or trades in issues undergoing a mandatory or voluntary reorganization
- TradeSuite confirms or trades in CUSIPs with a CNS buy-in
- TradeSuite confirms or trades in securities appearing on the SEC's Reg. SHO list

Institutional equity TradeSuite confirms or trades that do not meet ID Net eligibility criteria will revert to PDQ settlement processing or will be assigned the appropriate settling status based on existing eligibility checks.

TradeSuite Processing for ID NET

Processing of trade confirmations remains the same in TradeSuite through the affirmation process. In addition to current trade eligibility checks, upon affirmation a new validation will be performed in ID Net to determine eligibility.

All together now.



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TradeSuite Processing for ID NET

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To the extent all validations pass, TradeSuite will identify the trade as ID Net eligible via a new Settlement Mode (formerly Settlement Option) Value (Value 6 = ID Net Eligible) on the affirmed confirm. Direct users or Machine-Readable users should be prepared to accept and process this new value.

TradeSuite will also identify the trade as ID Net eligible by placing a new NSCC omnibus account into the ID Net Number field on the affirmed confirm (formerly Depository Third Party). The ID Net Number will either contain

account # 919 for institutional buy transactions or 719 for institutional sell transactions.

TradeSuite will distribute the affirmed confirm to appropriate parties of the trade and then submit the transaction to DTCC through existing formats and protocols. DTCC will use the NSCC omnibus account as a means to “flip” the trade into the CNS process for netting. Direct users or Machine-Readable users should be prepared to accept and process potential new values in the ID Net Number field or, at a minimum, ensure that the population of this field will not adversely affect existing processing within their current system.

Refer to Appendix A for TradeSuite Confirm Output Message Specification Fields.

TradeSuite Message Specification Field Summary Changes

To comply with the modifications required by ID Net, TradeSuite will be adding a new value to the Settlement Option field located in position 615 of Detail Record 1 of the TradeSuite Confirm Output Message Specification. A Settlement Mode (formerly Settlement Option), value of 6 populated on the affirmed confirm will identify the trade as ID Netting eligible.

TradeSuite will reuse the existing ID Net Number (formerly Depository Third Party) field located in position 971-978 of Detail Record 1 of the TradeSuite Confirm Output Message Specification to populate the NSCC omnibus account.

New TradeSuite Intra-Day Change of Eligibility (COE) Message

TradeSuite ID Net will enhance communications between Omgeo and DTCC on settlement eligibility and activity, which will result in offering TradeSuite direct clients the optional means of receiving intra-day Change of Eligibility (COE) confirms (currently COE confirms are only generated once during the night-cycle).



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transaction delivery totals. See Appendix E for an example of the report.

TradeSuite Confirm/Affirm Workstation Updates

The introduction of TradeSuite ID Net will necessitate some updates to TradeSuite workstations as well. The modifications are included in versions 7.0 and beyond. In addition to the TradeSuite ID Net modifications, this release will include field modifications for Repo processing along with additional special instructions fields. The TradeSuite software workstation applications affected include Confirm/Affirm, TradeSuite Server (TSS), and Broker Trade Input (BTI). As with the other changes, the changes include adding the new eligibility status of "ID Net", to reflect when a trade confirm is settling via ID Net; and adding the ID Net Number field to appropriate screens. The following is a high-level breakdown of where the changes are being made to the workstations:

- ID Net # field added to Confirm views
- ID Net # field added to Summary view
- ID Net # field added to Export Criteria
- ID Net # field added to Filter Criteria
- ID Net # field added to Sort Criteria
- Modified printing to support ID Net # field
- Modified domain table for PDQ/CNS indicator for Net eligible transactions

TradeSuite PDQ Line Report (DTCC ANE T+3 Reports) Updates

ID Net transactions will be added to the existing PDQ Line Report (DTCC ANE T+3 Report). The report is currently displayed in DTCC Participant number order. ID Net trades will be displayed in a separate section after the PDQ transactions. Specifically it will follow the PDQ ID Delivered/Not Delivered, Received/Not Received section of the report.

See Appendix F for a sample of the PDQ Line Report (DTCC ANE T+3 Report) for a trade settling in ID Net.

What an Investment Manager Needs to do

- Please contact your Custodial Banks and express your desire and interest to settle institutional equity transactions via TradeSuite ID Net. Ask them to be ready to process ID Net trades after DTCC's pilot program ends.
- Prepare and validate system's ability to accept and read new TradeSuite affirmed confirm settlement option value that identifies the trade as ID Netting eligible (settlement mode value of 6 = ID Netting eligible), or validate that new value will not adversely affect any internal processing.

What a Broker/Dealer Needs to do

- Prepare and validate system's ability to accept and read new TradeSuite affirmed confirm settlement option value that identifies the trade as ID Netting eligible (settlement mode value of 6 = ID Netting eligible), or validate that new value will not adversely affect any internal processing.
- Validate whether your firm should be prepared to accept and process the ID Net Number (formerly Depository Third Party) field's potential new values, or at minimum, ensure that the population of this field will not adversely affect existing processing within their current system.
- Please contact DTCC or your DTCC relationship manager to receive more information on DTCC's processing changes relative to ID Net.

What a Custodian / Agent Bank Needs to do

- Prepare and validate system's ability to accept and read new TradeSuite affirmed confirm settlement option value that identifies the trade as ID Netting eligible (settlement mode value of 6 = ID Netting eligible), or validate that new value will not adversely affect any internal processing.
- Validate whether your firm should be prepared to accept and process the ID Net Number (formerly Depository Third Party) field's potential new values, or at minimum, ensure that the population of this field will not adversely affect existing processing within their current system.
- Please contact DTCC or your DTCC relationship manager to receive more information on DTCC's processing changes relative to ID Net (DTCC processing changes for custodian agent banks are expected to be minimal in Phase I).

What a Service Provider Needs to do

- Prepare and validate system's ability to accept and read new TradeSuite affirmed confirm settlement option value that identifies the trade as ID Netting eligible (settlement mode value of 6 =



ID Netting eligible), or validate that new value will not adversely affect any internal processing.

- Validate whether your firm should be prepared to accept and process the ID Net Number (Formerly Depository Third Party) field's potential new values, or at minimum, ensure that the population of this field will not adversely affect existing processing within their current system.

For more information

For more information on Omgeo TradeSuite ID Net processing, contact your Omgeo Relationship Manager or the Client Contact Center for Omgeo Americas: telephone +1 877 664 3625.

For more information on DTCC ID Net processing and subscription on boarding details, contact John Kiechle at 212-855-3900 at DTCC (jkiechle@dtcc.com), Steve Wasserman at 212-855-3270, (swasserman@dtcc.com) or DTCC Relationship Management at (800) 422-0582.

About Omgeo

Omgeo creates certainty in post-trade operations through the automation and timely confirmation of the economic details of trades executed between investment managers and broker dealers. Every day Omgeo enables an efficient community of more than 6000 financial services clients in 45 countries to manage matching and exception handling of trade allocations, confirmations, and settlement instructions. Leading organizations rely on Omgeo to help manage an increasingly complex investment industry by providing operational stability and solutions that complement the focus on profitability in an era of escalating trade volumes. Across borders, asset classes, and trade lifecycles, Omgeo is the global standard for operational efficiency across the investment industry. Formed in 2001, Omgeo is jointly owned by the DTCC and Thomson Reuters.

For more information about Omgeo, please visit www.omgeo.com

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The Continuous Net Settlement (CNS) Service is provided by National Securities Clearing Corporation, the nation's leading provider of centralized clearance, settlement and information services to more than 2,500 brokers, dealers, banks, mutual funds, insurance carriers and other organizations. NSCC is a subsidiary of The Depository Trust & Clearing Corporation (DTCC).

The Inventory Management System (IMS) is a service offering of The Depository Trust Company, which provides custody and asset servicing for more than two million securities from the U.S. and 84 other countries for its participants and their customers. DTC is a subsidiary of The Depository Trust & Clearing Corporation (DTCC).



Appendix B - New Change of Eligibility (COE) Codes

Code	Explanation
20	Was ID NET, Now Settling PDQ ID Net Trade Confirm Re-determined to Settle Trade for Trade (PDQ)
21	Was ID NET, Now Ineligible ID Net Trade Confirm Re-determined to be Ineligible
22	IMS Cancel Clearing Agent Cancel ID Net Trade Confirm Cancelled in IMS by Clearing Agent
23	IMS Cancel Clearing Broker Cancel ID Net Trade Confirm Cancelled in IMS by Clearing Broker
24	IMS Cancel Clearing Broker Exemption ID Net Trade Confirm Exempted in IMS by Clearing Broker
25	IMS Reject ID Net Trade Confirm Rejected in IMS
26	ATP Reject ID Net Trade Confirm Rejected in ATP
27	ATP Drop ID Net Trade Confirm dropped in ATP
28	IMS Unprocessed Exemption ID Net Trade Confirm Unprocessed Exemption in
29	IMS Clearing Agent Exemption ID Net Trade Confirm Exempted in IMS by Clearing Agent
31	Clearing Agent CNS Ineligible ID Net Trade Confirm Re-determined Clearing Agent CNS Ineligible
32	Clearing Broker CNS Ineligible ID Net Trade Confirm Re-determined Clearing Broker CNS Ineligible
60	CUSIP is CNS Ineligible CUSIP number is not eligible for CNS settlement



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Appendix C - Sample of a ID Net Hard Copy Confirm

ELIGIBLE CONFIRM SDFS			PG	1
INST	70000 WIZARD INVESTMENT ADVISORS	A/C	05/30/2007	3333
BRK-DLR	00101 WESTEND BKRS	A/C	2202166191	
DEL BKR	01940 INTERACTIVE CLEARERS	A/C	1111	
ID AGT	25433 PRACTICAL BANK & TRUST	A/C	AG1111111111	
REC AGT	05433 PRACTICAL CLEARING AGENT BANK	A/C	2222	
DTC CONTROL# 600001469			SET LOC/DTC	
SETTLEMENT MODE ID NET -				
TRADE DATE	05/30/2007	SETTLE DATE	06/04/2007	ISSUE DATE
ROLE/AGNT	SIDE/BUY -SHORT	MKT/OTC	ACCTYPE/OTHER	RECORD DATE
CUSIP/DTC	P7873PAD8	SECTYPE/CORPORATE-DEBT		DAYS INTEREST
POOL#		INTEREST RATE	5.875	MATURITY DATE
				05/15/2017
GCB REGS PETRABRAS F D05/07/07 5.875% MN17				
BKR-DLR CONF	#150RT7698438	ORIG B-D CONF#5BBDQZ9	CONF:05/30/07 16:07:37	
SHR-FV	100,000.00000			
CUR-FV	0			
PRICE IN USD	97.50000	CUSTOMER	00076543	ACCT 00000002222
NET PRICE	0	RANGER, INC		
YIELD	0			
PRINCIPAL	97,500.00	INTERESTED PARTY 1	00071127	ACCT 00000000233
FEE	0	DWIGHT EVANS INC		
INTEREST	440.63			
COUNTRY-FED TAX	0	INTERESTED PARTY 2	00026543	ACCT 00000002222
PROV-ST-LOC TAX	0	BANK PLUS		
COMMISSION	0			
OTHER CHARGES	0	INTERESTED PARTY 3	00077543	ACCT 00000003333
NET AMT	97,940.63	TENNESSEE ADV		
		Instr1		
I/A AFFIRMED BY	06/01/07	AGENT SUB-CUSTODIAN	00071234	ACCT TESTAGT00005
SETLEMNT	REGULAR WAY	WAKEFIELD MGT		
		MN		
		BROKER SUB-CUSTODIAN	00000162	ACCT TESTBRK00161
		STERN GLOBAL		
ID NET # 00000919				
DUE	05/15/2017	05.875%	CONNECTION WITH A SALE	
INTEREST DATES	MAY, NOV 15		CREDIT BANCO URUGUAY	
G2007053049058	I S	070530	RINCON 500	
YIELD	6.215 %	TO MATURITY	MONTEVIDEO URUGUAY	
II BLOCK REFERENCE IDENT	I00000000012	SID	A/C NOT FOUND	
II ORDER ROUTE REF #	000000000006789	CUSIP:9 SEC:5/.....12	
II DETAIL REF IDENT	I00000000013			

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Appendix D - continued

UAAK	DTC INSTITUTIONAL DELIVERY SYSTEM			06/05/07
D0000035-07	SINGLE TRADE DETAIL			13:58:03
DTC CONTROL # 307139756				
TRADE STATUS AFFIRMED BY INST		ELIGIBILITY ELIGIBLE		
DTC SECURITY TYPE EQUITY				
DATE				
TRADE DATE	05/08/2007			
SETTLEMENT DATE	05/17/2007			
LAST DAY TO AFF	05/16/2007			
PROCESS DATE	05/15/2007	05/17/2007	04:38 PM	MEDIA
AFFIRM ON	05/15/2007	05/17/2007	04:39 PM	PTS
DISAFF/REVAFF				
CANCEL DATE				
MATCH DATE				
LAST ACTIVITY	05/17/2007 04:39 PM			
CHANGE OF ELIGB	05/23/2007	05/24/2007	11:36 AM	PDQ/ELIG
	03/22/2007	05/18/2007	11:18 AM	NET/ELIG
	03/22/2007	05/18/2007	12:31 PM	INELIGIBLE

Change of Eligibility Summary Screen below:

UAAO	DTC INSTITUTIONAL DELIVERY SYSTEM			06/21/07					
D0000031-02	CHANGE OF ELIGIBILITY			22:09:52					
USER TYPE:		NUMBER:	SETTLEMENT DATE: / /						
B-BROKER	IP-INTPTY	CU-CUST							
A-AGENT	CA-CLRAGT	AS-AGTSUB							
I-INSTIT	CB-CLRBKR	BS-BKRSUB							
				NET/					
T/ CONTROL	CHANGE	SECURITY	<-----ID----->	<-CLEARING->	PDQ/ NEW				
R NUMBER	SIDE	DATE	INST	AGT	BKR	AGT	BKR	CNS	STAT
307139753	*	*****	*****	*****	*****	*****	*****	*****	*****
* 307139753	S	052307	200300200	00005	00005	00005	0005	0012	PDQ ELG
	S	032207	200300200	00005	00005	00005	0005	0012	NET ELG

PF6/18: DETAIL PF7/19: MAIN MENU PF10/22: PREV SCR PF11/23: NEXT SCR

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